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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/04/08

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)
- 4) Asahi poll: Cabinet support rate slips 3 points to 32 PERCENT , non-support rate up 4 points to 50 PERCENT ; Majority of public wants Defense Minister Ishiba to stay at post (Asahi)

Defense affairs:

- 5) Another MSDF destroyer has accident, bumping into moored ship in Vietnam port (Asahi)
- 6) Has the Defense Ministry's nature changed? Reform council meets in order to probe such issues (Mainichi)
- 7) USFJ to ease Okinawa, Iwakuni ban on leaving base but a curfew after 10 pm will remain (Asahi)
- 8) Possibility of visit to Japan of China's President Hu may be postponed due to simmering poison-dumpling issue (Mainichi)

New Russian president-elect Medvedev:

- 9) Prime Minister Fukuda may seek an early meeting with new Russian president, with an eye on Putin still being a powerful influence (Tokyo Shimbun)
- 10) Japan searching for breakthrough on the northern territorial issue with the election of a new Russian president (Asahi)
- 11) Japan Coast Guard investigating and may file charges against U.S. environmental group who threw acid at whalers at sea, injuring

three (Sankei)

Political agenda:

- 12) Democratic Party of Japan (DPJ) and two other opposition parties boycotting Diet sessions this week (Yomiuri)
- 13) Diet stalls over fiscal 2008 budget and tax bills, now in the Upper House (Mainichi)
- 14) No solution in sight as ruling and opposition battle over Bank of Japan governorship (Asahi)

Articles:

1) TOP HEADLINES

Asahi:

In poll, 59 PERCENT favor reallocating road tax revenues for general expenditures

Mainichi:

Government to study emissions trading, reflecting prime minister's resolve to take initiative on climate change

Yomiuri:

Police to arrest dozen persons over land sharking

Nikkei:

Pioneer to stop plasma panel production, instead to specialize in assembling TVs

Sankei:

Japan Coast Guard looking to prosecute violent activities by antiwhaling group as criminal case for first time

TOKYO 00000567 002 OF 011

Tokyo Shimbun:

Road tax revenues used for entertainment equipment, including karaoke machines, on pretext of deepening friendship

Akahata:

Local government gathering signatures to call for withdrawing medical system for very old people

2) EDITORIALS

Asahi:

- (1) Low public support: No hopes for Fukuda cabinet without reforming road-construction policy
- (2) Russian president: Establishment of dual-power structure troubling

Mainichi:

- (1) Putin laughing merrily again
- (2) Changes in industrialized countries' economies: Japan first should take measures to boost personal consumption

Yomiuri:

- (1) Ruling and opposition camps urged to engage in discussion to stabilize currency, stock markets
- (2) Prime minister's visit to Russia necessary to ascertain new Russian government's policy toward Japan

Nikkei:

- (1) Selection of new BOJ government urged
- (2) Russia opts for dual power structure

Sankei:

- (1) Promote study of loess from Gobi Desert in cooperation with other countries
- (2) New Russian president expected to chart own diplomatic policy

Tokyo Shimbun:

- (1) We hope new Russian government will establish fair society
- (2) Illegal activities by antiwhaling group impermissible

Akahata:

(1) Fulfill responsibility for containing global warming in a resolute manner

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 3

NIKKEI (Page 2) (Full)

March 4, 2008

10:02

Met with Environment Minister Kamoshita, Deputy Assistant Chief Cabinet Secretary Saka, and Special Advisor to Cabinet Okuda at Kantei.

10:59

Met with Tomonashi Maruyama, winner of the Speech Contest among Senior High School Students on Northern Territories Issue, and others. Afterwards, met with Chief Cabinet Secretary Machimura and Deputy Chief Cabinet Secretary Futahashi.

TOKYO 00000567 003 OF 011

12:11

Met with Saka, and two other deputy assistant chief cabinet secretaries, Ando and Yanagisawa.

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13:05

Met with Futahashi and Office for Regional Revitalization Chief Yamamoto.

14:30

Met with State Minister in Charge of Science and Technology Kishida, Saka, Cabinet Office Vice Minister Uchida, Masuo Aizawa and Taizo Yakushiji, members of the Council for Science and Technology Policy. Afterwards, met with Administrative Vice Foreign Minister Yabunaka.

15:32

Met with Prime Ministerial Advisor Ito.

16:05

Met with Uchida and Decoration Bureau Director-General Fukushita. Afterwards, met with House of Representatives member Kazuo Aichi, and House of Councilors member Jiro Aichi. After them, met with Cabinet Intelligence Director Mitani.

17:01

Attended an LDP executive meeting held in Diet.

17:30

Attended a meeting for reform of the Ministry of Defense held at Kantei.

19:20

Met with National Defense Academy President Iokibe and Administrative Vice Defense Minister Sato at Kantei residence.

4) Poll: 59 PERCENT back using road-related tax revenues for other purposes; Cabinet support flat at 32 PERCENT , nonsupport reaches 50 PERCENT

ASAHI (Top play) (Abridged)

March 4, 2008

The Diet, in its current ordinary session, is focusing its debate on what to do about gasoline taxes and other road-related tax revenues that are currently limited to road construction and other road-related infrastructure projects. The Asahi Shimbun conducted a telephone-based nationwide public opinion survey on March 1-2, in which respondents were asked if they were in favor of incorporating the road-related tax revenues into the general account. In response, 59 PERCENT answered "yes," with 30 PERCENT saying "no." The Fukuda cabinet's support rate was 32 PERCENT (35 PERCENT in the last survey taken in February). The support rate has been remaining low

since it hit 31 PERCENT in mid-December last year. The nonsupport rate for the Fukuda cabinet reached 50 PERCENT for the first time (46 PERCENT in the last survey).

In a previous survey taken in early December last year, 46 PERCENT were in favor of incorporating the road-related tax revenues into the general account. Their proportion rose to 54 PERCENT in the February survey and further increased in the latest survey. Even among those who support the ruling Liberal Democratic Party, 58 PERCENT answered "yes." The survey shows the public's growing

TOKYO 00000567 004 OF 011

support for using road-related tax revenues for other purposes.

In the survey this time, respondents were also asked if they thought Defense Minister Ishiba should resign to take responsibility for the recent collision of a Maritime Self-Defense Force destroyer with a fishing boat that has left its two fishermen missing. To this question, 34 PERCENT answered "yes," with 57 PERCENT saying "no."

Meanwhile, Prime Minister Fukuda has vowed to overhaul the Defense Ministry. Respondents were asked if they expected him to display leadership. In response, "yes" accounted for 32 PERCENT, and "no" at 60 PERCENT.

In the breakdown of public support for political parties, the LDP stood at 29 PERCENT (30 PERCENT in the last survey). The leading opposition Democratic Party of Japan (Minshuto) was at 21 PERCENT (24 PERCENT in the last survey).

##### 5) MSDF destroyer collides with freighter in Vietnam port

ASAHI (Page 1) (Abridged)  
March 4, 2008

The Maritime Self-Defense Force's destroyer Hamayuki had a minor collision with the Cambodian-registered freighter Masan in the southern Vietnamese port of Ho Chi Minh at around 10:20 a.m. yesterday (12:20 p.m. Japan time). The Hamayuki was dented at the stern, and its flagpole at the stern was bent. Some paint on the freighter was scraped. No one was injured in the collision.

Prime Minister Fukuda told reporters yesterday evening, "I want them to alertly carry out their duties." The MSDF Maritime Staff Office commented: "There was another incident right after the Aegis accident. We take this fact seriously. We have asked local authorities to help berth the ship. However, the captain is in charge of overseeing pilots. We want to take preventive steps."

##### 6) Prime Minister Fukuda asks advisory panel to come up with proposals for Defense Ministry reform, move to put cap on criticism

MAINICHI (Page 2) (Full)  
March 4, 2008

The government's Council on Reform of the Defense Ministry, chaired by Naoya Minami, advisor to Tokyo Electric Power Co., yesterday held a meeting at the Prime Minister's Office (Kantei) to discuss responses by the Defense Ministry to the collision of the Maritime Self-Defense Force Aegis destroyer Atago and a small fishing boat. At the outset of the meeting, Prime Minister Yasuo Fukuda called on the panel to reflect the repentance for the collision in reform of the ministry. He stated: "The extremely regrettable accident occurred. I want you to come up with proposals for a new structure of the Defense Ministry and the Self-Defense Forces (SDF) that the public can trust."

It was the first time for Fukuda to attend a meeting until the end of the session. The delay in communication of the collision to the Prime Minister and Defense Minister Shigeru Ishiba came under criticism. The ministry's explanations were also confused. Voices questioning his leadership as the supreme commander of the SDF began to crop up. Therefore, Fukuda appeared to have started dousing flames around him.

TOKYO 00000567 005 OF 011

In yesterday's meeting, the panel discussed how civilian control should be consistent based the collision. One participant said: "It is necessary to strengthen the commanding function of the Kantei." Another member criticized the accident, saying: "They have not learned from the past incidents." The panel is expected to discuss measures to make clear the purchase of defense equipment in the next meeting.

7) USFJ eases lockdown in Okinawa, Iwakuni

ASAHI (Page 34) (Full)

March 4, 2008

U.S. Forces Japan decided yesterday evening to partially call off its ongoing lockdown of bases in Okinawa and Iwakuni, Yamaguchi Prefecture, and change it to a nightly curfew from 10 p.m. through 5 a.m. USFJ has locked down its bases in Okinawa and Iwakuni since Feb. 20 to bar U.S. military personnel and civilian employees from going out in the wake of an Okinawa-based U.S. Marine's alleged rape of a local junior high school girl. The Marine was recently released as prosecutors have now decided to drop the case. Meanwhile, the U.S. military is continuing its investigation into the case. The nightly curfew has been enforced for the Army, Navy, Air Force, and Marine Corps since yesterday evening.

USFJ will continue its no-drinking action. However, off-base U.S. military personnel are allowed to drink only at their homes. Civilian employees and family members are also prohibited from going out and drink outside bases. This action will be called off.

U.S. military personnel's off-base activities have been minimized to workplaces, medical facilities, and some other limited areas. USFJ leadership will decide after a while on whether to call off the curfew and drinking prohibition.

8) Option of postponing Hu's visit to Japan crops up in government due to dumpling incident

MAINICHI (Page 2) (Abridged slightly)

March 4, 2008

Some in the Japanese government have begun voicing the need to make rearrangements for the timetable for Chinese President Hu Jintao's planned visit to Japan while bearing in mind the possibility that it will be postponed from "around cherry-blossom time" in April, as originally scheduled, to mid-May or later. Such a development is connected with the Foreign Ministry's intention to settle the conflict between Chinese and Japanese investigative and public security authorities over where a pesticide has gotten mixed into gyoza dumplings made in China by confirming food safety. There are growing calls in the government, including aides to the prime minister, for reexamination, saying the cause must be determined first.

When Chinese State Councilor Tang Jiaxuan visited Japan on February 20, he sounded out the government on a plan for President Hu to make a four-day visit to Japan starting on April 20. Based on this, Japan has been studying such events as a summit meeting, an audience with the Emperor, and a speech at the University of Tokyo.

Then a situation arose in which Japan and China locked horns over

TOKYO 00000567 006 OF 011

the results of a scientific test for the pesticide detected in the dumplings. Japan's National Police Agency reacted strongly to China's announcement. High-level officials at the Prime Minister's Office also sided with the NPA, saying: "It is meaningless to establish a Japan-China consultative organ when the cause is not determined."

As a result, China's General Administration of Quality, Supervision, Inspection and Quarantine Director Li Changjiang's visit to Japan, scheduled for March 2, has also been postponed. Li was scheduled to

hold a meeting with Health, Labor, and Welfare Minister Yoichi Masuzoe and confirm "food safety" and declare closer cooperation between the two countries.

The Foreign Ministry might have to reschedule for a Fukuda-Hu summit meeting. As for the prime minister's timetable after April 20, South Korean President Lee Myung Bak is scheduled to visit Japan on his way back from the United States. The prime minister is also considering visiting European countries and Russia from the Golden Week holiday period from late April through early May. Once Hu's visit is postponed, it might have to be put off until mid-May or later.

Prime Minister Fukuda is expected to invite President Hu to the Lake Toya G8 Summit in July. There are concerns that China might postpone Hu's visit to Japan in spring, saying that it is too close to the G8 summit.

9) Japan hopeful of breakthrough in stalled talks on Northern Territories; Fukuda considering visiting Russia as soon as possible

TOKYO SHIMBUN (Page 2) (Full)  
March 4, 2008

Yuji Nishikawa

In the Russian presidential election, First Deputy Prime Minister Medvedov secured an overwhelming victory. Referring to this election result, the Japanese government has noted that there will be no significant shift in Russia's policy toward Japan with Chief Cabinet Secretary Nobutaka Machimura saying, "The new president is likely to

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follow President Putin's foreign policy." Meanwhile, because President Putin has indicated that he, as "prime minister," will continue to address the Northern Territories issue, a major outstanding issue lying between Japan and Russia, Tokyo has expectations that the stalled talks on the Northern Territories, a major outstanding issue lying between Japan and Russia, will be resolved.

Late yesterday Prime Minister Yasuo Fukuda said, "I don't think there will be any change in Japan-Russia relations. I will strive to resolve the major pending issue. I hope the new (Russian) president will have a frank discussion with us."

With President Putin certain to assume the post of prime minister, a senior Foreign Ministry official noted, "It will take some time to see" how Putin and President-Elect Mededov will share the role. Tokyo thinks that as a "new prime minister," Putin will retain his strong clout on the diplomatic front, as well.

In the days of the Putin administration, economic ties between Japan and Russia have been strengthened, but the Northern Territories

TOKYO 00000567 007 OF 011

issue made no headway. The Japanese government's fundamental position about the issue is that the four disputed northern islands be returned in a package. Tokyo has not budged even an inch from this position.

President Putin has indicated that as a prime minister, he will address the Northern Territories issue. In response to this, Fukuda sent Putin a personal letter saying that "I hope to put Japan-Russia ties on a higher level" via former Prime Minister Yoshiro Mori in last December, when Mori was visiting Russia.

Fukuda plans to travel European countries during the Golden Week holidays in May in order to ask for their cooperation on the upcoming Group of Eight Hokkaido Toyako Summit in July. Fukuda is considering visiting Russia as part of this tour. By building personal ties with Putin and Medvedov, Fukuda wants to find a clue to resolving the Northern Territories issue.

10) Following Medvedev's victory in Russian presidential election, Japan exploring ways to move Northern Territorial issue forward

"There is a major issue pending between Japan and Russia. We will make utmost efforts to improve the situation. I expect the new president will hold frank talks with Japan."

Following Dmitry Medvedev's landslide victory in the presidential election in Russia, Prime Minister Fukuda indicated his desire to find an opening for moving forward negotiations on a territorial dispute over four Russian-held islands off Hokkaido. Based on the view that Vladimir Putin will continue to play a key role in working out policy toward Japan, including the territorial row, the Japanese government intends to ascertain how Putin and Medvedev will share roles.

The government has started coordination on a visit to Russia by Fukuda during the May Golden Week Holiday to meet outgoing Putin. If there is an offer from Russia, the government will also look into having a highest-level official attend the presidential inaugural scheduled for May, according to informed sources. A senior Foreign Ministry official said that if the prime minister visits Russia prior to the Lake Toya Summit, he may be able to meet both outgoing and incoming presidents."

When former Prime Minister Mori handed a personal letter from Fukuda over to Putin during his visit to Russia last December, Putin commented on the Northern Territorial issue: "I believe we will be able to find a solution acceptable for both sides. I want you to relay to Prime Minister Fukuda my message that I truly want to resolve the issue." He then expressed his view that there will be no change in the relationship between Russia and Japan after the change of government. Later, Putin sent to Japan a letter noting that he agreed to promoting Russian-Japan relations, including negotiations on the territorial issue, to a higher level.

No progress was made in negotiations on the territorial issue under the Koizumi and Abe governments. Given this, the Japanese government has interpreted such recent moves by Russia as an expression of its eagerness to settle the issue. A senior Foreign Ministry official said: "We would like to produce some positive results in the

TOKYO 00000567 008 OF 011

atmosphere that we have finally regained after many years." Even so, the gap in both sides' views over the Northern Territorial issue remains wide.

In a speech in Tokyo in February, Russian Ambassador to Japan Mikhail Bely said: "I think Mr. Medvedev's first overseas trip as president will be a trip to Japan for the Lake Toya Summit," indicating that Hokkaido will be the stage for the new Russian president to make a diplomatic debut. Keeping Medvedev's little diplomatic experience in mind, many government officials think that Japan's negotiating partner may be Putin for the time being.

11) U.S. environmental group again obstructs research whaling: JCG for first time builds case for investigation; Three injured, including maritime safety officials

SANKEI (Top Play) (Excerpts)  
March 4, 2008

People aboard a ship belonging to Sea Shepherd, a U.S. environmental group, threw bottles containing chemicals at the Nisshin Maru, the mother ship of a fleet of research whaling vessels in the Southern Ocean, injuring three persons. Taking the incident seriously, the Japan Coast Guard (JCG) the same day started an investigation on suspicion of Sea Shepherd obstructing business by force and assault. This is the first investigation by the JCG into interference with Japan's research whaling.

According to the JCG, the Nisshin Maru's operation was obstructed with bottles containing butyric acid giving out a foul smell and bags with white powder, with more than 100 objects thrown from the protest ship for about an hour.

During the incident, two JCG guards aboard the Nisshin Maru and one crew member were slightly injured, as they got butyric acid in their eyes. The ingredients of the white powder are not known.

The JCG has launched an investigation, because maritime safety officials with the right to investigate maritime crimes witnessed the incident on the spot and they themselves were injured.

The JCG will seek to identify the perpetrators, using a videotape that captured them throwing bottles onto the deck. As soon as the suspects are identified, the JCG intends to ask for investigative cooperation from the relevant country through a diplomatic channel.

This is the third time for Sea Shepherd to obstruct Japan's research whaling in the Southern Ocean. Since maritime safety officials were not aboard the ships in the past two incidents, the JCG had been unable to launch an investigation.

12) DPJ to boycott Diet deliberations slated for this week both in Lower and Upper Houses

YOMIURI (Page 2) (Full)  
March 4, 2008

Democratic Party of Japan (DPJ or Minshuto) President Ozawa and Secretary General Hatoyama yesterday held a meeting yesterday in the

SIPDIS

Diet and confirmed not to attend deliberations in both the Lower and Upper Houses at least this week. They are objecting strongly to the ruling parties for having approved the fiscal 2008 budget bill and

TOKYO 00000567 009 OF 011

tax system-related bills by the Lower House, while opposition parties abstained from a roll call. Regarding talks to revise the bill amending the Special Tax Measures Law, including the maintaining of the provisional gasoline tax rate, they decided to look into that possibility when the ruling parties present revised proposals.

Then, secretaries general of the DPJ, the Social Democratic Party (SDP) and the People's New Party (PNP) met in the Diet and shared the view that the proposal made by the Lower House speaker and the Upper House president that a certain level of a conclusion be reached before the end of the year has fallen apart. They confirmed to act in unity in dealing with the immediate Diet session, including boycotting Diet deliberations.

DPJ Secretary General Hatoyama told reporters, "The ruling parties need to offer an unequivocal apology for abandoning the mediation proposal made by the speaker of the Lower House and the president of the Upper House." He thus indicated his party's stance that an apology by the ruling parties will be one condition for the opposition camp to respond to a call for attending Diet deliberations.

In the meantime, the Upper House Budget Committee yesterday held a meeting of directors of the ruling parties and decided by virtue of Chairman Yoshitada Konoike's office to hold a basic question-and-answer session with Prime Minister Fukuda and others in attendance. However, since the DPJ and other opposition parties, which have a majority of seats in the Budget Committee, intend to abstain from the session, the planned meeting will unlikely be held with the number of participants falling short of the quorum. The Lower House Land, Infrastructure and Transport Committee at a round-table meeting of directors put off a committee meeting slated for the 4th.

13) Diet stalled as opposition decides to boycott deliberations for one week

MAINICHI (Page 2) (Full)  
March 4, 2008

The Diet was stalled yesterday as it was unable to launch

deliberations on the fiscal 2008 budget bill, which is now before the opposition-controlled House of Councillors. The opposition camp reacted negatively to the ruling parties, contending that the ruling coalition unilaterally passed the budget bill in the House of Representatives. A senior member of the main opposition Democratic Party of Japan (DPJ or Minshuto) said: "Since the ruling camp took a forced vote, we won't be able to join deliberations for a week." The opposition bloc has stressed that the ruling coalition ignored the mediation effort by the leaders of the two Diet houses, under which the two sides reached an agreement to reach a conclusion by the end of this fiscal year on the budget bill, as well as on a bill revising the Special Taxation Measures Law, including measures to retain the current provisional gasoline tax. As such, the opposition has toughened its hard-line stance. There is no prospect for the convocation of deliberations in the Upper House.

In a meeting yesterday of directors of the Upper House Budget Committee, the ruling camp proposed convening deliberations on the FY2008 budget today. The opposition, however, turned down the proposal. Therefore, the discussion did not go anywhere. And a

TOKYO 00000567 010 OF 011

meeting between ruling Liberal Democratic Party Diet Affairs Committee Chairman Seiji Suzuki and his DPJ counterpart Susumu Yanase ended in failure, as well.

The secretaries general of the DPJ, the Social Democratic Party, and the People's New Party held a meeting in the Diet building. The three shared the perception that the agreement reached by the ruling and opposition camps through the good offices of the leaders of two Diet chambers was scrapped. They also affirmed that the three opposition parties would boycott a meeting to be held today in virtue of the authority of Upper House Budget Committee Chairman Yoshitada Konoike.

The DPJ has already submitted to the Diet its own bills on the integration of the special account of road-related taxes into the general account and on the abolition of the provisional tax rates, as counterproposals toward a revision of the government-drafted bills. The largest opposition party intends to urge the ruling coalition to carry out deliberations on its own bills before deliberating on the government's bills, hoping to assume the initiative in the Upper House.

The ruling camp, however, is alarmed that a prolonged stalemate in the Diet and a delay in consultations on a review of the government bills would give the opposition an excuse to not take a vote on the bills. The ruling parties have begun making efforts to have the opposition join consultations. However since there are big differences between the bills of the government and the DPJ, a senior LDP Upper House member indicated yesterday a negative view about a drastic review of the government bills.

14) Nomination of BOJ governor: Calls for Muto's promotion still strong in government, ruling bloc

ASAHI (Page 4) (Excerpts)  
March 4, 2008

The bargaining between the government and ruling coalition and the opposition camp over the appointment of the new Bank of Japan governor has now taken on an aspect of a game of "chicken." Reacting strongly to the ruling bloc, which has rammed the budget and budget-related bills through the Lower House, the major opposition Democratic Party of Japan (DPJ) has decided that in the event the government and ruling camp present a plan to promote BOJ Deputy Governor Toshiro to the governor's post, it will not give its consent. Meanwhile, in the government and ruling bloc, the view is still predominant to nominate Muto. BOJ Governor Toshihiko Fukui's term of office will expire in a little over two weeks. No exit is in sight for the selection of a new BOJ governor.

LDP Secretary General Bunmei Muto made a speech in Kobe on March 1, the day after the Lower House approved the budget related bills. In it, Ibuki applied pressure on the DPJ by citing Muto, saying: "The DPJ is saying that because the LDP did what the DPJ did not agree

to, they will not endorse Mr. Muto. The logic is absurd."

A senior LDP member also said: "We should take the proper approach without worrying about the DPJ." A government official commented, "I think the prime minister has made up his mind." There are strong calls in the government and ruling bloc that the policy to promote Muto should not be changed.

TOKYO 00000567 011 OF 011

The government and ruling bloc are enamored with the idea of promoting Muto because he truly understands financial affairs and can also go along with the government's policy, according to a government source. An aide to the prime minister also said: "It's not a position just for anyone. There are no other good candidates."

Since he became deputy governor in 2003, Muto has been regarded as a shoo-in for the BOJ governorship. The government's five-year plan will fall through with a collapse of its scenario to appoint Muto.

Further, the government and ruling camp fear that if they agree to the DPJ's call for replacing Muto with a new candidate, that will take a heavy toll on the prime minister's grip on power in the government and the party.

SCHIEFFER